

CITY OF **La Cañada Flintridge**

Mayor

O. WARREN HILLGREN

June 12, 1978

Mayor Pro Tem

MICHAEL C. MOUNT

City Council

EDMUND J. KRAUSE

GEORGE L. PARRISH

BARBARA G. PIEPER

HONORABLE MAYOR AND CITY COUNCIL
City of La Canada Flintridge
C a l i f o r n i a

SUBJECT: Proposed Budget for the City of La Canada Flintridge,
Fiscal Year 1978-79

Transmitted herewith is the proposed budget for the City of La Canada Flintridge for the 1978-79 fiscal year. This budget includes \$1,407,904 in operating requirements and \$585,213 in a capital improvement program, for a total proposed budget of \$1,993,117.

In developing the City's 1978-79 program of municipal services, City staff has proposed no new operating programs or increased service levels not previously approved by the City Council. Further, based upon a full year's operating experience, "contingency budgeting" in specific programs has been reduced, and proposed allocations more accurately reflect anticipated expenditure requirements than was possible a year ago.

Nonetheless, the proposed 1978-79 budget does represent a substantial increase over the City's 1977-78 expenditure program. Included in this budget are spending plans for several special revenue funds, such as Housing and Community Development Act (HCDA) monies, which were anticipated and approved by the Council in 1977-78 but which were not included in last year's budget. Exclusive of capital projects, which will be discussed separately, and adjustments for interfund transfers, the proposed 1978-79 operating budget of \$1,418,251 represents an increase of \$140,960 or 11.0 percent, over 1977-78 budgeted expenditures. Of this increase, \$72,179 is attributable to anticipated increased contract costs with the Los Angeles County Sheriff's Department for general and traffic law enforcement services; \$41,400 is a result of escalating street maintenance contract costs with the County Road Department; and the Unallocated Reserve has been increased by \$15,000. Accordingly, the net increase attributable to all other programs amounts to \$12,381 or 3.1 percent. Capital projects, including street and road resurfacing/reconstruction projects, have been segregated in this budget from operating programs, and projected expenditures in this area are up from budgeted 1977-78 levels by \$487,913; however, the bulk of these proposed expenditures are from special funding allocations to the City under the HCDA and Federal Aid Urban (FAU) programs, and were approved by the City Council during 1977-78.

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At the same time, projected revenues for 1978-79 mark a substantial increase over 1977-78. It is estimated that earned 1977-78 General Fund revenues will exceed budgeted levels by approximately \$142,000, and projected 1978-79 General Fund revenues are expected to increase over 1977-78 budgeted amounts by a total of approximately \$276,000. The major portion of this increase is attributable to anticipated growth in sales tax revenues of \$112,000 and an increase in motor vehicle in-lieu tax allocations to the City of approximately \$84,000. While gas tax apportionments were down slightly statewide, resulting in a shortfall in these revenue accounts of approximately \$3,700 for 1977-78, it is also anticipated that gas tax revenues will increase in 1978-79 by about \$12,000 over 1977-78 levels. Additionally, the City can expect to receive special revenues of approximately \$269,000 in General Revenue Sharing, \$234,000 in HCDA funds, \$198,600 in Federal Aid Urban (FAU) funds, \$6,300 in Safer Off-System (SOS) funds and \$41,500 from a special Office of Traffic Safety (OTS) grant in 1978-79. However, with the exception of General Revenue Sharing, which cannot be spent by the City until the 1979-80 fiscal year, these special revenue funds are largely earmarked for specific projects or categories of expenditure and may not be applied towards general City expenses. Overall, projected revenues for 1978-79 exceed 1977-78 budgeted levels by approximately \$642,000.

OPERATING PROGRAMS

Clouding the budgetary planning process for 1978-79 has been the passage of Proposition 13 by the state's voters on June 6. Although the City's independence from property taxes as a principal source of support for our programs and services largely insulates us from direct impacts of this measure, we are still confronted with the effects of an unprecedented level of uncertainty at the County level, as the potential impacts of Proposition 13 on the County's ability to continue to provide economical contract services to cities are, as yet, undetermined. Further, even with the likelihood of some action by the state legislature to relieve the funding crises faced by the heavily property tax-reliant fire and library districts, it seems inevitable that some reductions in service levels from these agencies will be felt locally. Finally, it seems assured that Descanso Gardens will either be closed by the County Department of Arboreta and Botanical Gardens or will at least be diminished in scope and services offered under present funding levels. Staff is currently exploring the desirability and feasibility of the City "buying back" on a contract basis or replacing, principally through the use of volunteers, all or portions of anticipated service level reductions in these areas. However, until the state acts to clarify apportionment of remaining property tax revenues under Proposition 13 and determines what portion of the State surplus will be shared with local government units and how, the extent to which the City may feel compelled to subsidize these services cannot be defined.

Further complicating the development of expenditure estimates for the City for 1978-79 has been the inability of any of the County agencies contracting with the City to provide firm cost estimates for services for

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the coming fiscal year, even when there are some assurances that such services will continue. Consequently, although 1977-78 costs were inflated for 1978-79 to ensure the availability of adequate budgeted funds for current service levels, it is possible that actual contract costs may be either lower or higher than reflected in this proposed budget for next year. Reduced payrolls and staffing County-wide may adversely impact current economies of scale enjoyed by the City; at the same time, strategies being considered by the County such as salary reductions in lieu of employee layoffs could substantially decrease unit costs for the City's contract services.

General Government Programs

General Government programs of the City reflect an increase in cost over 1977-78 budgeted levels of \$9,214, or 3.5 percent. This increase is primarily attributable to the addition of the City Planner to staff in approximately midyear last year. The additional cost of this employee is offset, however, by decreases in a number of general accounts based upon last year's operating experience. A further change from last year's budget is a format revision resulting in the deletion of the Non-Departmental budget category and charging all expenses to program accounts.

The 1978-79 City Council budget includes \$3,528 for a one-time only assessment for the new League of California Cities' office structure. Also added to this budget are annual dues for the League, which the City escaped paying last year because of our recently incorporated status, and dues for the San Gabriel Valley Association of Cities.

Based on the past year's experience, it has been determined that the Assistant City Manager must spend significantly more time working in the area of financial administration than was previously anticipated. Consequently, this budget reflects the majority of the Assistant City Manager's salary and related costs in this program. During the past fiscal year, the City staff has assumed full responsibility for maintaining the City's accounting records and processing all financial transactions, with the exception of the City Treasurer's cash management functions.

The increased Planning program budget reflects the additional cost of the City's full time planner. Further, the outstanding cost of the City's contract with its general plan consultant is carried over into the 1978-79 fiscal year. It is anticipated that the draft general plan will be submitted to the Planning Commission for review in approximately mid-June, 1978. Contract costs for services from the Los Angeles County Regional Planning Department are reduced over 1977-78 levels as a result of the City Planner assuming much of the workload that was formerly performed on behalf of the City by the County. Remaining costs anticipated in this area for the coming fiscal year are associated with zoning en-

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forcement inspections and for coordination of the County Subdivision Review Committee.

The City Council last year appropriated \$3,000 for community promotion purposes. This amount has been inserted again into the 1978-79 budget for Council consideration.

Public Safety Programs

During the past fiscal year, the City Council approved two modifications to the service levels currently provided by the Los Angeles County Sheriff in the capacity of City police department. First, the Community Services Officer was converted to full time, and after a trial period of several months, traffic coverage formerly provided by this officer was restored by the addition of one half a traffic enforcement unit. Second, the City successfully applied for an Office of Traffic Safety (OTS) grant for the purpose of initiating radar speed control on selected City streets. These service level adjustments, coupled with anticipated effects of inflation and salary adjustments made by the County, combined to increase budgeted Sheriff's Department contract costs for 1978-79 by \$72,179 over 1977-78 levels. Because of the aforementioned grant funding, however, \$41,500 of this amount will be offset by state, rather than local, funds.

This budget also provides for improvement of crossing guard services to the community's school age children and reduced costs for this service by transferring the crossing guard function from our Sheriff's Department contract to the City payroll. This transfer will give the City greater flexibility in recruitment for crossing guard positions and should ensure that all guard stations are dependably staffed at all times.

The completion of the City's emergency plan and dissemination of this plan to the community is also anticipated in 1978-79. The City has successfully obtained the services of a qualified volunteer to assist the City Manager in the administration of this plan and to represent the City to the Los Angeles County Emergency Preparedness Commission.

Human Services Programs

This budget provides for the continuation of the after-school recreation programming currently provided by the La Canada Youth House/Community Center through the 1978-79 fiscal year. The Youth House, responding to requests from various school principals, has asked that funds be provided to extend this program three weeks in the summer, corresponding to a three-week extension of summer school programs by the School District.

Public Works Programs

During the past fiscal year, the Public Works Commission has evaluated the City's street sweeping and park and landscaped area maintenance functions, and as a result, has recommended that the City retain the Los Angeles Road Department for street sweeping services as the most economical means of obtaining this service, but has recommended that the

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City solicit proposals from private contractors for the maintenance of our parks and landscaped areas. This recommendation was not developed as a result of discontent with present County service levels, but rather was based upon a reasonable assumption that a private contractor could perform the necessary maintenance functions at a lower cost to the City. Specifications have been prepared and approved by both the Commission and the Council, and the City should receive proposals to review sometime early in the 1978-79 fiscal year.

Street maintenance costs are expected to escalate by approximately \$41,400 next fiscal year, based on inclusion in the budget of traffic signal lighting and maintenance costs, potential cost increases in materials and supplies and wage and salary increases granted to County contract personnel. It remains unclear at the present time as to whether Road Department personnel will be significantly impacted by County actions in response to Proposition 13, inasmuch as the Road Department derives approximately 85 percent of its operating revenues from gas tax funds, which are not affected directly by the Proposition's provisions.

Unallocated Reserve

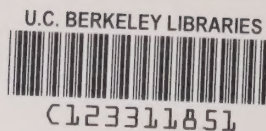
The unallocated reserve has been increased in this proposed budget from \$5,000 in 1977-78 to \$20,000 for 1978-79 in view of the level of uncertainty created by the passage of Proposition 13 and the reductions in contingencies in various program accounts.

CAPITAL IMPROVEMENT PROGRAM

As a modification to last year's budget format, capital improvements are presented separately from the general operating budget. Because of the major cost implications associated with most capital projects and the greater discretionary flexibility in selecting such projects than exists normally in many operating programs, this budget proposes the establishment of a Capital Improvement Reserve fund in the amount of \$585,213 from which any capital projects undertaken by the City in 1978-79 would be financed. Prior to commencement of any project in this category, City Council approval and a separate allocation of funds from the Capital Improvement Reserve would be required.

Included in the recommended 1978-79 capital improvement program for the City are street reconstruction and resurfacing projects totaling \$182,800 (\$22,000 in carryover projects approved but not accomplished in 1977-78 and \$160,800 in new projects for 1978-79, reviewed and approved by the Public Works Commission); the HCDA on-site sewage disposal project, at a cost of \$114,613; renovation of Glenola Park, at an estimated cost of \$15,000; \$60,000 for improvements at or around the Berkshire Place Bridge, dependent upon the Council's decision regarding this issue; \$16,000 for lighting the five tennis courts located at La Canada High School, in response to a request to the City Council from the local tennis club; and an expenditure of \$196,800 in FAU funds to erect noise barriers along portions of the local freeway system.

Discussed at various times within the City but not included in this re-



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commended budget are a proposal to construct soccer and baseball playing fields in the flood plain below the Flint Canyon Tennis Club and replacement or modification of signs denoting City parks.

LONG RANGE FINANCIAL PLAN

As was discussed during last year's budget deliberations and again during the Council's recent consideration of a business license ordinance, the City faces a potential operating deficit of in excess of \$1 million in the mid to late 1980's, unless measures are taken well in advance to provide for the City's future funding requirements. The response of the State legislature to passage of Proposition 13 becomes critical to this City over an extended period should the legislature substantially modify the current basis of state subventions to local government. Staff will be closely monitoring Sacramento's activities in this regard in the coming weeks and months, and keep the Council advised of potential actions at the state level which could potentially impact the City's long range financial viability.

Further, in time for budget hearings this year, staff will prepare an analysis of the City's long range financial picture, based on assumptions we can presently make, to enable members of the City Council to determine the impact of expenditure commitments made for the 1978-79 fiscal year on the City's future fiscal health.

CONCLUSION

The 1977-78 fiscal year saw great progress for the City of La Canada Flint-ridge in a number of areas. With the 1978-79 fiscal year, the process of "organizing" the City, its programs and its priorities, will largely have been completed, and the daily business of providing basic and essential municipal services in response to the needs of our citizenry may be concentrated upon in earnest.

This proposed 1978-79 budget enables the City to be responsive to the expressed needs and priorities of our community. We are all aware that government, at every level, has become the subject of intense concern on the part of the electorate. We believe that such legitimate concern is an encouraging sign of a broader-based citizen interest in the determination of public policies. Our citizens have every right to expect that both legislative and administrative officials will do everything in their power to provide the highest level of essential municipal services at the lowest possible cost. In our judgment, this budget represents an expenditure program consistent with such expectations, and we recommend it to the City Council and the community with enthusiasm and anticipation for continued community progress.

Respectfully submitted,

Clark L. Smithson

CLARK L. SMITHSON
City Manager